# The Beginners Guide To: International Shipping



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# Overview of international shipping



Australia's e-commerce retailers are increasingly tapping into lucrative international markets as rapidly rising internet penetration rates around the world make global online shopping the new retail powerhouse.

In fact, market research predicts that the web will account for 12.4 per cent of all global retail sales by 2019<sup>1</sup> and international shipments are expected to comprise up to 20 per cent of Australia's total e-commerce purchases by 2017<sup>2</sup>.

## **EMERGING NEW MARKETS**

And the news gets better for Australian e-commerce businesses that are considering expansion into new international markets. While the US, UK and New Zealand remain rich territories for Australian online retailers, rapid growth in the Asia Pacific region is opening new market opportunities.

China and India, for example, have almost tripled their share of the global economy within the last two decades<sup>3</sup>. The result is the rise of a new middle class with access to high-speed internet and money to spend on international brands.

Consider that China's shoppers are predicted to spend US\$1.21 trillion<sup>4</sup> online in 2017 and it's easy to see the huge opportunities that face Australian ecommerce retailers in our own region.



# Overview of international shipping

# INTERNATIONAL SHIPPING EVOLVES

This new demand is putting increasing pressure on Australia's existing logistics and shipping networks as ecommerce retailers scramble to meet new international demand.

Australia's freight industry already contributes around \$200 billion or 15 per cent of GDP to the nation's economy – but that number is forecast to double by 2030 and triple by 2050 .

That is driving the rapid evolution of Australia's logistics and freight companies as they come up with better low-cost international shipping solutions to help Australian e-commerce retailers capitalise on this remarkable growth.

### TIME TO RETHINK AND RESET

For Australian e-commerce retailers, now is the time to rethink international shipping policies.

With international shipping costs coming down, overseas delivery timeframes shrinking, and a new generation of global cashed-up online shoppers increasingly attracted to international brands, accessing new overseas markets no longer presents the barriers it once did.

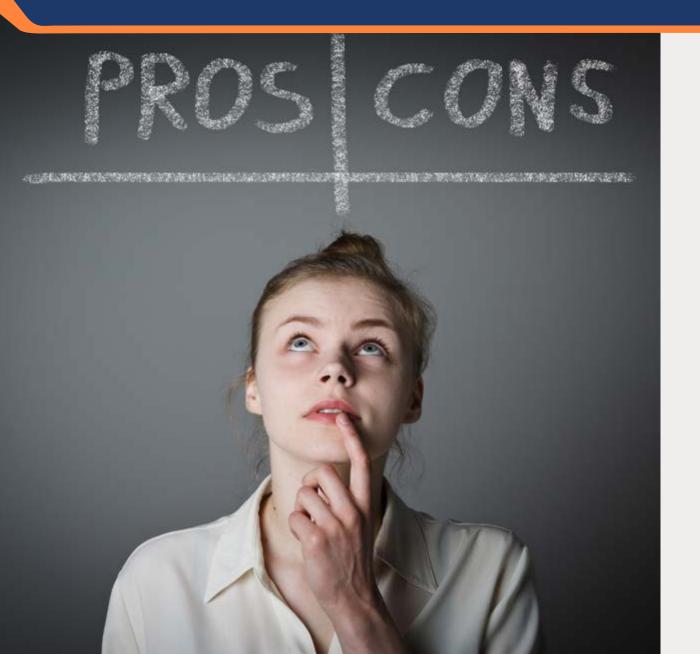
Rather, with the right international shipping policy in place, Australian e-commerce retailers are in prime position to capitalise on a world of opportunity.

## >> Fact file

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# Pros and Cons of international shipping



# Thinking about taking your e-commerce business global?

Implementing an international shipping policy comes with many positives including the opportunity to grow your business by selling a wider range of products to larger markets.

However, there are also some challenges – like additional marketing costs and a new set of local competitors – that you need to keep in mind.

Use this list of pros and cons of international shipping to help inform your decision >>



## THE PROS

Grow your business: It's the obvious benefit but also the most important. Implementing an international shipping policy will open your e-commerce business to new overseas markets that will drive the growth of your business.

#### Reduce seasonal slow downs:

If you sell a seasonal product, shifting focus to the North Hemisphere summer when Australia moves into winter, for example, will help keep your sales steady year round.

#### **Sell a wider range of products:**

New markets come with different needs. Just because a product range may not have worked well in Australia doesn't mean that international markets will not be more receptive.

#### **Reach larger markets:**

Retail is essentially a number's game. Expanding beyond Australia's modest population gives you access to a huge number of potential new customers in markets that dwarf your home-grown base.

#### **Leverage Australian-made**

products: Australian-made products carry a certain level of prestige in some overseas markets. Consider making this a central part of your international marketing strategy to create a point of difference from domestic competitors.

## THE CONS

#### **Additional marketing costs:**

You must spend money to make money, and that means investing in marketing campaigns that target international buyers in order to break into emerging new markets.

Extra market research: New customers come with new expectations. Ensure you do your research so you know exactly the delivery timeframes, shipping costs and customer service support that international buyers expect.

#### **Managing international returns:**

Just like managing your domestic returns, you'll need to implement

an international returns policy that protects your bottom line against associated costs.

#### **Dealing with documentation:**

Most governments require documentation when you want to ship goods across borders.

There are also varying duty rates between countries that you'll need to account for.

#### **Competing with local**

companies: Entering an international market means you'll also be competing against existing local companies with cheaper shipping rates. Focus on defining your unique selling point to overcome this.



# Should you ship overseas?



While the potential of accessing international markets may leave you feeling more excited than ever about the future of your e-commerce business, it's important to remember that not all products suit overseas shipment.

Follow these criteria to determine whether you should ship your product overseas >>



## 1 PRODUCT WEIGHT

Just like domestic shipping, international freight is largely calculated on the weight and size of your product. If you sell large, heavy products, high international shipping costs may price you out of the market. Stick to shipping smaller, lightweight products overseas and assess domestic competitors to ensure you can still compete after international freight costs are considered.

## **2** INTERNATIONAL DUTIES

You – or your customer – will need to pay duties when shipping products overseas. These differ from country to country, so rather than offering international shipping across the board, do your research and focus only on the territories that make the most economic sense. This will also help you optimise your marketing budget as you target only high-value markets.

## **3** PRODUCT DURABILITY

Longer delivery timeframes to international markets may not suit products that are perishable, and the rigours of a longer journey can wield a greater impact on fragile items. Be sure to factor costs associated with damaged stock and international returns into your product pricing to protect your bottom line from an unexpected drain.

## **4** UNIQUE SELLING POINT

Entering an overseas market means you'll be competing with international brands and local players. That's why it's so important to have a well-defined unique selling point (USP) that differentiates your product from your competitors. With a strong USP, your international customers will be more likely to spend a little more on international shipping.



# Should you ship overseas?

# So what can we learn?

If you sell large, heavy or perishable products that attract higher international shipping costs, you may be better off concentrating on the domestic market.

However, if your product range is lightweight and relatively durable with a strong USP, then you could be on the track to international sales success.

# **Prohibited International Items**

- Aerosols
- Air Bags
- Alcoholic beverages
- Ammunition
- Cigarettes
- Ory ice

- Explosives
- **Solution** Fresh fruits and vegetables
- Petrol
- 🔇 Nail polish
- Perfumes (cont. alcohol)
- Poison



# Common mistakes when shipping overseas (and how to avoid them)



Thanks to online shipping aggregators and freight companies that are rapidly evolving to ease international shipping for Australian e-commerce retailers, it's easier than ever to grow your business into a global brand.

However, there are some common mistakes e-commerce retailers make when shipping overseas that threaten to derail their efforts to gain traction in new international markets.

# Here are the common mistakes to watch out for and how to avoid them >>

### OFFERING FIXED-PRICE SHIPPING

Giving your international customers fixed-price shipping may seem attractive, but fluctuating freight costs between countries can spell disaster for your bottom line. Instead, consider offering variable rates with a shipping aggregator built in to your shopping cart that gives your customers access to the best-value quote for their destination and delivery timeframe.



# Common mistakes when shipping overseas (and how to avoid them)

# OVER PROMISING ON DELIVERY TIMEFRAMES

To successfully manage customer expectations, it's important to under promise and over deliver. Don't make unrealistic claims about your international delivery timeframes, and keep in mind that delivery timeframes differ between countries so it may not be possible to offer a blanket delivery timeframe across territories.

# FORGETTING DUTIES AND TAXES

You'll need to pay duties and taxes when shipping products across borders. These costs differ between countries, which can make building them into your general product pricing somewhat difficult. It's important to do your homework here and add the appropriate costs to country-specific shipping rates to avoid being left holding the bill.

## DROPPING THE BALL ON DOCUMENTATION

Each country also has specific customs requirements for incoming products, and this comes with various documentation requirements. If you fail to provide the correct country-specific documentation, you'll risk your shipments getting held up in customs or returned to you. This, of course, will lead to damaging customer frustrations.

# POOR PRODUCT PACKAGING

International shipments tend to go through more sets of hands than domestic freight. Protecting your products with appropriate packaging for longer international journeys will go a long way to reducing product returns and the associated costs.

# DIVING IN THE DEEP END

Making your products available to too many countries, too fast can be counterproductive. Instead, begin by focussing on one or two international markets and build slowly as you become more confident and gain experience managing country-specific requirements.

# Checklist: How to start shipping overseas



Setting up your international shipping policies and processes can seem overwhelming, but it all comes down to investing some time in research before launching into new overseas markets.

While it's vital to understand your new international markets, you'll also need to do a cost analysis for each target destination to ensure country-specific duties, taxes and shipping costs don't price you out of the market.

Follow these seven steps to start shipping overseas >>



## 1 DO YOUR MARKET RESEARCH

Thorough market research should always be your first step before investing in an international expansion. Identify one or two overseas territories where market demand for your product is high and assess your competitors' offerings to ensure you can compete on price and quality. Also clearly define your unique selling point and understand the specific value you offer your new customer base.

## **2** CHECK REGULATIONS AND DUTIES

Once you've identified the countries you'd like to focus on, check their import regulations, duties and any special taxes they apply to incoming goods. These fees will need to be built into the shipping costs you charge your customers, so it's important to do a cost analysis to ensure they don't price you out of the market. You'll also need to gather the relevant customs forms and documentation required for each of your target destinations.

# 3 ASSESS DELIVERY TIMEFRAMES AND COSTS

Talk to several freight companies about their delivery timeframes to your target countries. This will help ensure you are giving your new customers accurate delivery information to avoid customer frustrations. This is also a good time to gather some delivery costings for your most common package sizes and weights.

# 4 IMPLEMENT AN INTERNATIONAL SHIPPING POLICY

Now you'll need to write an international shipping policy for your website. As well as setting out delivery timeframes and processes, you'll also need to establish how you'll handle international product returns. That is, will you cover the costs of faulty goods? Are your shipments insured? Will you accept change-of-mind returns at the customer's expense? Be as clear as possible here to avoid disputes down the track.



# **5** OPTIMISE YOUR PACKAGING

Optimising your packaging will help reduce your international shipping rates and keep your products safe and sound on the journey overseas. Ensure your box size fits your product with minimal wasted space and use lightweight packaging materials such as air bags to protect your goods without adding extra weight.

# **6** FIND A SHIPPING PROVIDER

International shipping quotes vary wildly between freight companies depending on the destination country and the requested delivery timeframe. Ensure your customers get the best deal with an online shipping aggregator integrated into your shopping cart that gathers and compares quotes from a range of shipping companies.

## 7 LAUNCH YOUR MARKETING CAMPAIGN

With your international shipping processes set up and ready to go, it's time to announce your entry into the market. Consider joining the online marketplaces (such as Ebay, Alibaba and Etsy) that are most popular in your target countries to gain initial market traction, and trial a Google Adwords campaign to send customers to your e-commerce site.



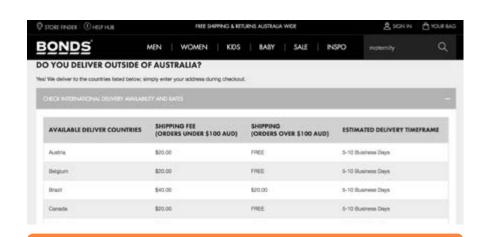
# International shipping policy examples



When putting together your international shipping policy, it helps to see what works for other successful e-commerce brands that have successfully built a global presence off the back of efficient international shipping procedures.

Here's how three big Australian online retailers set out their international shipping policies >>

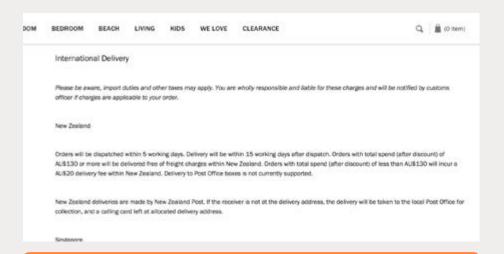




## **BONDS**

Leading Australian fashion retailer Bonds is known around the world and ships to a wide range of countries. The company's international shipping policy is clearly set out on its website with delivery timeframes (usually five to 10 days) and flat-rate shipping fees set out by country in table format. Orders over \$100 receive free shipping to some countries.

Bonds charges all orders in Australian dollars and passes on all customs, import duties and associated fees to their customers, which are charged when the parcel reaches the destination country. An admin handling fee may also be payable by the customer to their logistics provider if customs entry is required.



## **CANNINGVALE**

Australian linen brand
Canningvale delivers to New
Zealand, Singapore and the US.
Their international delivery policy
is set out on their website and
divided into country-specific
categories. Orders are dispatched
within five days on a 15-day
delivery timeframe. In New

Zealand, orders less than \$130 incur an additional \$20 fee for domestic delivery. Shipments to the US incur a \$40 delivery fee and exclude Alaska, Hawaii and Canada. All local customs fees, duties and taxes are passed onto the customer and listed at checkout.





## **KATHMANDU**

Outdoor wear brand Kathmandu ships to most countries from Australia. Delivery charges and estimated delivery timeframes are clearly set out by country in table format as part of their international shipping policy.

The company offers flat international shipping rates between \$29 and \$49 depending on the destination country, with delivery timeframes predominantly between three to 10 days. All international orders are charged in Australian dollars and customers are responsible for paying any processing or administration fees charged by credit card providers or banks for currency exchange. Country-specific customs fees and taxes are also payable by customers when the parcel arrives in the target destination.

## So what can we learn?

Both Bonds and Kathmandu choose to clearly set out delivery costs and estimated delivery timeframes by country in easy-to-read table format.

Bonds offers free international shipping to some countries for orders over \$100, and Canningvale and Kathmandu both provide fixed-rate international shipping.

All three brands charge orders in Australian dollars and pass on all associated customs fees, duties and taxes to their customers, which are payable when the parcel arrives in the destination country.



# Estimating international shipping prices and timeframes



When putting together your international shipping policy, it helps to see what works for other successful e-commerce brands that have successfully built a global presence off the back of efficient international shipping procedures.

Country	Delivery type	Est. delivery time	Est. delivery cost (1kg)
China	International express	3 business days	From \$32.33
New Zealand	International express	2 business days	From \$24.87
UK	International express	2 business days	From \$41.20
US	International express	2 business days	From \$42.53
Singapore	International economy express	1 business day	From \$30.14

Please note that these delivery timeframes and costs are estimates only. To ensure your customers get the best international shipping deal, use an online shipping aggregator to get the best value quote for your custom package size, weight, destination and required delivery timeframe.



# International shipping tools and resources



Thanks to a suite of free online tools and resources, managing your international shipping is easier than ever.

Use these online calculators to make sure you're set up for success >>



## **DUTY CALCULATOR**

Each country you ship products to applies different duties and taxes that you may be required to pay. Use this <u>duty calculator</u> to assess country-specific duties that you'll need to build into your international shipping costs.

### **DELIVERY COSTS**

Ensure your international customers get the best delivery deal with an online <a href="mailto:shipping">shipping</a> aggregator that compares quotes from freight providers in real time.

## POSTAL RESTRICTIONS

All countries have their own list of <u>postal</u> restrictions and prohibitions that may prevent you from shipping your products to their residents. Use this international post guide to ensure your items are not on the banned list of your target countries.

## **DOCUMENTATION**

You'll need to complete the appropriate country-specific customs forms to ensure your product makes it to your international customers. Find all the forms you need <a href="https://example.customers.com/here.customers.com/here.customers.com/here.customers.

## **DELIVERY TIMEFRAMES**

Delivery timeframes vary between overseas destinations. Give your international customers accurate, country-specific delivery timelines with this postage calculator.

## **CURRENCY CONVERTOR**

As currency exchange rates fluctuate daily, it's important to keep a close eye on shifting international currency values against the Australian dollar to avoid pricing black holes. Use a <u>currency</u> <u>convertor</u> to quickly check exchange rates.



Individual countries restrict and prohibit a range of goods for import – and some may surprise you.

For example, you can't send cameras or bicycles to China, New Zealand says no to motorcycle helmets, sending batteries to the UK is a no-no, the US bans products made from cork, and Singapore won't accept chewing gum.

Here's a comprehensive list of restrictions. Some are obvious, others might suprise you >>

### **CHINA**

#### **Import restrictions:**

- Chinese medicinal materials
- Foreign currencies and negotiable securities
- Precious metals such as gold and silver
- Renminbi (national currency)
- Tobacco

#### **Import prohibitions:**

- Arms, ammunition, and explosives
- Addictive narcotics
- Animals
- Bicycles
- Cameras
- Chinese securities
- Used clothing or bed linen
- Coins and banknotes

- Deadly poisons
- Endangered/rare animals and plants and their seeds
- Food, unclean or from regions affected by epidemic diseases
- Films, cinematographic, photographs, loaded recording tapes and videotapes, compact discs (video and audio)
- Electric fans
- Fresh pork and all byproducts
- Jewels or other valuable articles
- Manuscripts
- Medicines
- Plants or plant products
- Platinum, gold and silver

- Publications that are politically, economically, culturally or morally detrimental to the People's
- Republic of China
- Precious stones
- Printed matter
- Radio-telegraphic receivers and transmitters
- Records
- Securities of any kind payable to bearer
- Computer storage medium
- Sewing machines
- Tape recorders
- Televisions
- Valuable cultural relics
- Weapons
- Watches



### **NEW ZEALAND**

#### **Import restrictions:**

- Brandy
- Beverages and spirits
- Cocoa and cocoa preparations
- Firearms and weapons
- Prepared foodstuffs
- Pharmaceutical products
- Plants and plant products
- Preparations for cereals, starch and flour
- Vegetables
- Whisky
- Wool articles

#### **Import prohibitions:**

- Animals and animal products
- Arms and ammunition
- Coins or currency
- Live trees and other plants
- Lottery tickets and advertising
- Hair or bristle articles

- Motorcycle helmets
- Inorganic and organic chemicals
- Ores, slag and ash
- Offensive weapons
- PCB rubber teats, soothers, pacifiers
- Pharmaceutical products
- Plastics and articles thereof
- Printed articles, books and newspapers offensive by nature
- Indecent publications or recordings
- Soil, sand, clay, earth and sawdust
- Tobacco, including chewing
- Unprocessed fruit and plant products
- Wood and unprocessed timber
- Woolpacks

### UK

#### **Import restrictions:**

- Animals and animal products
- Pharmaceutical products
- Plants and plant products
- Radio transmitters
- Sealskins
- Tobacco and tobacco products
- Vegetables

#### **Import prohibitions:**

- Aerosols
- Alcoholic beverages
- Ammunition
- Asbestos
- Ashes (Human Remains)
- Batteries
- Clinical and medical waste
- Controlled drugs and narcotics
- Corrosive substances

- Counterfeit currency, bank notes and postage stamps
- Dry ice
- Environmental waste
- Electronic items containing any batteries exceeding 100Wh
- Explosives
- Flammable liquids
- Flammable solids
- Frozen water
- Gases
- Goods made in foreign prisons
- Human and animal remains
- Infectious substances UN2814 or UN2900
- Lighters and refills containing flammable liquid or gas

- Living creatures, animals and reptiles
- Lottery tickets
- Magnetised material
- Matches
- Obscene publications and pornography
- Oxidising materials and organic peroxides
- Pesticides
- Poisonous, toxic liquids, solids or gases
- Radioactive materials
- Solvent-based paints, wood varnishes and enamels
- Tickets and related advertisements for illegal lotteries
- Waste, dirt, filth or refuse
- Weapons

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# Common international import restrictions and prohibitions

### US

#### **Import restrictions:**

- Firearms
- Foodstuffs
- Goods originating from Cuba, Iran, Myanmar, North Korea, Sudan, and Syria
- Hides
- Knives
- Registered articles
- Skins
- Vegetable and other plant products
- Weapons

#### **Import prohibitions:**

- Alcoholic beverages
- Animals and animal products

- Animal or vegetable fats/oils
- Arms and ammunition
- Cereals
- Coffee and tea
- Cork and articles of cork
- Dairy produce, birds' eggs, natural honey
- Fruit, nuts and citrus peel
- Fertilisers
- Furs
- Inorganic and organic chemicals
- Lottery tickets or related advertising
- Lac, gums and resins
- Mineral fuels and oils
- Measuring, medical or surgical instruments

- Meat and fish products
- Optical, photographic, cinematographic products
- Printed books, newspapers, pictures offensive by nature
- Pharmaceutical products
- Preparations of meat, fish or crustaceans
- Tobacco and tobacco products
- Vegetables and vegetable products
- Wool and animal hair
- Wood and articles of wood
- Wine
- Wheat products

### **SINGAPORE**

#### **Import restrictions:**

- Animals and animal products
- Drugs and medicines
- Fruits and vegetables
- Grain
- Hypodermic syringes
- Meat or meat products
- Medicines
- Newspaper, books and magazines
- Pharmaceuticals
- Poisons
- Parasites and insect killers
- Plants and parts of plants
- Telecommunications and radio communications equipment
- Weapons and weapon parts

#### **Import prohibitions:**

- Cigarettes
- Chewing gum
- Cyclamates, sodium and calcium
- Firearms and firearm parts
- Lottery tickets and advertising
- Liquor
- Advertising of lucky charms
- Skimmed milk
- Obscene articles and publications
- Postage stamps, fictitious or used
- Seditious and treasonable materials
- Tobacco and chewing tobacco





Smart e-commerce retailers know how to save on international shipping. Cutting down your freight costs will help you compete against local players that charge lower delivery fees, and ensure your customers are getting the best deal possible on international shipping.

Follow these five tips to reduce your international shipping costs >>



# USE A FREIGHT AGGREGATOR

While it's tempting to offer your customers flat-rate international shipping, this can be a mistake for two reasons.

Firstly, as shipping costs vary between package sizes, destination and delivery timeframes, you'll have to pay any difference between your flat-rate fee and the actual freight charge.

Secondly, flat-fee shipping doesn't always deliver the best deal to your customers. Instead, use an online freight aggregator that gathers quotes from a range of freight providers and offers your customers a choice between higher cost and faster delivery versus lower cost and slower delivery.

# SPEED IS NOT ALWAYS IN NEED

When it comes to international shipping the formula is simple. The faster the delivery, the more expensive it will be.

Don't automatically assume that your customers expect to receive your product in the fastest possible time. Rather, they may be willing to wait an extra few days in order to save on shipping costs.

Give your customers the option to choose from various delivery timeframes with reduced shipping costs for longer waits

# OPTIMISE YOUR PACKAGING

While it's important to securely package your products to reduced returns, going overboard on the safety front will add to the weight and size of your parcel – and increase the shipping cost.

Ensure you've selected a box size that fits your product with a minimum of wasted space, and select lightweight packaging materials such as air bags.

If appropriate, you may also choose to use packaging provided by your freight provider in standard sizing that will eliminate the need for more expensive custom box size quotes.



# CREATE AN ASSEMBLY LINE

Even small e-commerce retailers can benefit from creating an assembly line to pack orders. Break the packing process into a few logical stages (for example, box construction, box fill, and box sealing) to save time and get your orders out faster.

This will not only encourage you to process orders in batches for better productivity, but individual packing stations will ensure all your orders are being packaged in the same way to meet shipping guidelines.

## CONSIDER A FULFILMENT WAREHOUSE

As your e-commerce business grows, it may pay to consider engaging fulfilment warehouses in your destination countries to handle your packing and delivery from a local base.

This can reduce delivery timeframes and lead to significant shipping savings, however you'll need to be sending a high volume of goods overseas to make it worth your while.

## READY TO START SHIPPING?

# NEW CUSTOMERS GET A QUOTE, OR EXISTING MEMBERS PLEASE SIGN IN.

# TRANSDIRECT.COM.AU

Here at Transdirect, we strive to deliver the best range of Shipping Solutions to suit your needs.

We offer the services of Australia's largest and most trusted Freight and Courier companies to ensure you get the best price and service for your delivery requirements. Whether you're a large company, or an individual sending a gift to your family, we can provide the solution for you.

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